

VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM

Meeting of the Board of Trustees

October 26, 2010

VSERS Members present:

Kevin Gaffney, Chairperson, VSEA Representative (term expiring September 1, 2011)
Roger Dumas, Vice-Chairperson, VRSEA Representative (term expiring September 1, 2012)
Jeff Briggs, VSEA Representative (term expiring September 1, 2012)
Paul White, Jr., VSEA Representative (term expiring September 1, 2012)
Thomas Hango, VSEA Alternate (term expiring September 1, 2011)
Caroline Earle, Commissioner of Human Resources (ex-officio)
James Reardon, Commissioner of Finance & Management (ex-officio)
Richard Johannesen, Governor's Delegate (ex-officio)
Jeb Spaulding, VT State Treasurer

Members absent:

None

Also attending:

Stephen Rauh, Chairperson of VPIC
David Beatty, Budget and Management Analyst
Matt Riven, Director of Budget and Management Operations
Elizabeth Pearce, VT Deputy Treasurer
Stephen Wisloski, Director of Investments and Debt Management
Cynthia Webster, Director of Retirement Policy and Outreach & Secretary to the Board
David Driscoll, Buck Consultants
Hope Manion, Buck Consultants
Peter Amons, VMERS Board member
Thomas Golonka, VMERS Board member
Monica Chiren, Assistant to Cynthia Webster

The Chairperson, Kevin Gaffney, called the Tuesday, October 26, 2010, meeting to order at 8:12 a.m., which was held in the Governor's Conference Room, Fourth Floor, 109 State Street, Montpelier, VT.

At the suggestion of the Chairperson, everyone introduced themselves and gave a brief description of their position.

ITEM 1: **Review/Act on FY '10 Actuarial Valuation**

At the suggestion of Mr. Spaulding, Mr. Driscoll provided the reasoning behind the yearly actuarial valuation report. Mr. Driscoll indicated questions are welcomed at any time during the report.

Mr. Driscoll presented the results of the actuarial valuation for the fiscal year ending June 30, 2010. Mr. Driscoll discussed the 3% salary reduction effective July 1, 2010, and how that

reduction is reflected in the projection of salaries. There was a discussion and explanation of the smoothing method.

(Ms. Earle and Mr. Briggs entered the meeting during this item.)

(Mr. Riven left the meeting during this item.)

There was a discussion about the 2009 retirement incentive. There was a discussion about the negative COLA for calendar year 2010. There was a discussion about the large number of members that will be eligible to retire within the next 10-15 years. Mr. Johannesen requested the report contain information where the supporting tables are found within the report. Mr. Driscoll suggested the members of the Board review the Teachers' valuation report to see if they would like the age of the members to be included in the report, as it is for the Teachers' report. Mr. Driscoll answered the questions posed by the Board.

Mr. Reardon indicated at the December meeting he will review the calculations and spread sheet for the preliminary budget with the Board members again. The Board discussed the action they need to take with regard to the actuarial valuation.

On motion by Mr. Spaulding, seconded by Mr. White, the Board unanimously voted to accept the FY '10 *Actuarial Valuation* report as presented, and forward to the Governor the contribution recommendations of \$36,587,864 for FY '12 and \$38,318,279 for FY '13.

(Mr. Wisloski and Mr. Rauh left the meeting at this time.)

The Board discussed the upcoming experience study. The Board discussed the rate of return.

(Mr. Dumas left the meeting at this time.)

(Mr. Rauh entered the meeting at this time.)

(A recess was taken from 10:20 a.m. to 10:31 a.m.)

(Mr. Dumas entered the meeting at this time.)

ITEM 2: Review OPEB Update

Hope Manion introduced herself and gave a brief background of her work with OPEBs. Hope Manion provided a review of the *Report on the Actuarial Valuation of Post Retirement Benefits of the Vermont State Employees' Retirement System* for Board discussion. There was a discussion concerning GASB 45. There was a discussion that claim information will be included in data requests in future years.

(Ms. Earle left the meeting during this item.)

There was a discussion that the assumptions would be reviewed every year. There was a discussion about the Care Reform Act. Ms. Manion answered the questions posed by the Board.

(Mr. Peter Amons and Mr. Thomas Golonka entered the meeting during this item.)

Ms. Manion indicated DC members are included in her report. Ms. Manion indicated to the Board members she would welcome calls or emails at any time if they had questions

ITEM 3: Any other business to be brought before the Board

Ms. Webster indicated November's meeting would be held on November 18th and not November 11th, since the 11th is a holiday. Ms. Webster also indicated the December meeting would also be an in-house meeting.

ITEM 4: Adjournment

On motion by Mr. Briggs, seconded by Mr. Johannesen, the Board unanimously voted to adjourn at 11:15 a.m.

Next Meeting Date:

The next scheduled VSERS meeting is an in-house meeting on November 18, 2010 at 9:00 a.m.

Respectfully submitted,

Cynthia L. Webster
Secretary to the Board